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RUEHFT/AMCONSUL FRANKFURT PRIORITY 7899
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RUEHLZ/AMCONSUL LEIPZIG PRIORITY 0198
RUEHMH/AMCONSUL MUNICH PRIORITY 2009
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SENSITIVE

STATE FOR NEA/IPA (LENTZ), EUR/CE (SCHROEDER) AND
EEB/IFD/ODF (LEATHAM)
SIPDIS

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SUBJECT: GERMAN PLEDGE AT MARCH 2 SHARM AL-SHEIKH DONORS'
CONFERENCE

REF: STATE 20388

¶1. (SBU) On March 6, 2009 Econoff contacted Jacqueline Groth of the Middle East Regional Development Policy Division, Federal Ministry for Economic Cooperation and Development (BMZ) in Bonn, to confirm German support for the Palestinians following the March 2 Donors' Conference in Sharm Al-Sheikh, Egypt. As announced by Foreign Minister Steinmeier, Germany will contribute 150 million euros.

¶2. (SBU) Groth explained that 100 million of the 150 million euro pledge would go towards "social infrastructure, employment generation and water infrastructure" (i.e., a sewage plant in central Gaza). These funds are primarily comprised of pledges made before the Paris Conference in late 2007. Projects supported with the funds could be "re-activated as soon as appropriate framework conditions are in place." Conditions include a "permanent ceasefire, regulated reopening of border crossings, and inter-Palestinian (sic) reconciliation."

¶3. (SBU) As for the balance, 13 million euros will cover immediate humanitarian aid in 2009, according to Groth. The remaining 37 million euros will be aimed at "reconstruction and stabilization of the social situation." Groth noted that the precise allocation of the funds was subject to consultations with the Palestinian Authority. She added that Germany envisaged making a "substantial contribution" through the European Union's PEGASE mechanism to cover fuel costs for the Gaza power station, as well as allocating funds to water/sanitation and education projects. The timing and degree to which the projects will be implemented depends on the "evolution of the political situation."

¶4. (SBU) Poloff also met with MFA Near East Bureau chief Boris Ruge on March 5 to discuss reftel. Ruge's breakdown of the pledged amount tracks that of Groth. He added that Germany's ability to spend some of the pledged amount would depend on the flexibility of Israel regarding access to Gaza for various types of goods and materials, including reconstruction materials.

¶5. (U) Econoff and Poloff shared details on the U.S. contribution with respective interlocutors, as suggested in Reftel.
Koenig